

**BEFORE THE**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**LPSC DOCKET NO. U-36959**  
**ENTERGY LOUISIANA, LLC,**  
**EX PARTE**

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***IN RE: APPLICATION FOR AN INCREASE IN RATES, WHETHER  
THROUGH A FORMULA RATE PLAN EXTENSION OR RATE REVIEW, AND  
PROPOSED REVISIONS TO CERTAIN FEES ASSESSED TO CUSTOMERS***

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**GLOBAL SETTLEMENT STIPULATION AGREEMENT**

This Stipulation Term Sheet (“Stipulation”) is entered into by and among the Louisiana Public Service Commission (“LPSC” or “Commission”) Staff (“Staff”) and Entergy Louisiana, LLC (“ELL” or the “Company”). The Intervenors in this proceeding, **the Alliance for Affordable Energy; Americans for Affordable Clean Energy, Louisiana Energy Users Group; Marathon Petroleum Company, LP; Occidental Chemical Corporation, Olin Chlor Alkali Products and Vinyls, the United States Department of Defense and all other Federal Executive Agencies, and Walmart, Inc.** (collectively, the “Parties”), either agree with the terms or do not oppose this Stipulation as indicated by the signatures affixed hereto. Accordingly, the Parties propose the following settlement terms to the Commission:

**I. Conditions Precedent**

- A. This Stipulation reflects a compromise, settlement, and accommodation among the Parties and the terms and conditions herein are interdependent.
- B. All actions by the Company contemplated or required by this Stipulation are conditioned upon the Commission’s issuance of a final order in this proceeding consistent with the terms of this Stipulation, which includes the exhibits hereto.

## **II. Final Resolution and Dismissal with Prejudice of the Application in LPSC Docket No. U-36959 and Previous Formula Rate Plan Dockets**

A. Except as expressly provided for herein, this Stipulation resolves, with prejudice, and settles all claims and issues raised or that could have been raised associated with the Company's pending application in LPSC Docket U-36959 for an extension and modification of its Formula Rate Plan ("FRP"), Rider Schedule FRP, or a base rate case. LPSC Docket No. U-36959 shall be closed and dismissed with prejudice.

B. Except as expressly provided for herein, this Stipulation further resolves, with prejudice, and settles all claims and issues raised or that could have been raised associated with the following previous FRP proceedings: Docket No. U-36092 (Test Year 2020), Docket No. U-36381 (Test Year 2021), and Docket No. U-36822 (Test Year 2022). These listed dockets shall be closed and dismissed with prejudice.

C. This Stipulation further resolves, with prejudice, and settles all claims and issues raised or that could have been raised associated with Docket No. U-34951 (Test Year 2017), Docket No. U-35205 (Test Year 2018), U-35581 (Test Year 2019), Docket No. U-36092 (Test Year 2020), Docket No. U-36381 (Test Year 2021), and Docket No. U-36822 (Test Year 2022) as well as all claims and issues that could be urged as a basis to reopen these dockets, including without limitation as a result of the completion of the Internal Revenue Service ("IRS") Audit of tax years 2016 through 2018. Although these dockets were closed by Commission Order No. U-35581, dated December 21, 2023, these dockets shall remain closed and shall be considered dismissed with prejudice.

D. This Stipulation further resolves and settles all claims and issues raised or that could have been raised associated with the notice of proceeding which initiated an investigation

into costs billed by Entergy Services to Entergy Louisiana in LPSC Docket No. X-35071. This proceeding shall be closed and dismissed with prejudice.

E. This Stipulation further resolves and settles all claims and issues raised or that could have been raised associated with LPSC Docket No. U-34332. This proceeding shall be closed and dismissed with prejudice.

F. The Parties agree that such full and final resolution shall have no precedential effect as to the Parties' ability to raise similar issues or positions in and as to future FRP Test Years after Test Year 2023 (except as to the Reviewable Mechanisms, as defined herein) or in and as to future rate case proceedings in accordance with the procedures for identification and resolution of disputes in such proceedings.

G. The Parties further agree that such full and final resolution shall not be applicable to any issue previously raised by Staff in an FRP Test Year proceeding where it is affirmatively demonstrated, through admissible evidence, that ELL intentionally withheld information related to such issue. The Commission shall make the determination as to whether such a showing has been made prior to a hearing on the merits being scheduled and a procedural schedule being established.

H. The Stipulation and its exhibits read together reflect the agreement among the Parties.

### **III. September Rate Change, 2025 Mid-Cycle Rate Change, and Related Authorizations**

A. **September FRP Rate Adjustments.** Effective the first billing cycle of September 2024, the Company will implement FRP Rate Adjustments for the 2023 Test Year ("September FRP Rate Adjustments") as described below. The Company will reflect the

September FRP Rate Adjustments in the 2023 Test Year FRP, the procedures for which are set forth in Section IV(B)(2) below.

1. The Company shall implement a \$120.0 million increase in Base Rider FRP Revenue (Attachment F, Line 27). This increase resolves all claims and issues regarding the Increase in Base Rider FRP Revenue for the 2023 Test Year FRP.

2. The Company shall implement a \$101.8 million incremental net decrease to the Other One-Time Adjustments, which consists of the following credits and expense increase. This net decrease and the mid-cycle decrease set forth below resolve all claims and issues regarding the change in Other One-Time Adjustments for the 2023 Test Year FRP. The accounting and ratemaking treatments related to the credits are specified in Section III.C. below.

- a) \$111 million credit for Test Year 2023 associated with the benefits from the Internal Revenue Service (“IRS”) Audit for tax years 2016 through 2018 and the resolution of the matters described above in paragraphs II.B, II.C, II.D, and II.E.;
- b) \$5.8 million credit provided in the Settlement Agreement approved in LPSC Order No. U-34951; and
- c) \$15 million increase in nuclear depreciation expense, further discussed in Section III.C.4 below.

3. The following recovery mechanisms will be redetermined for Test Year 2023 and be reflected in the FRP Rate Adjustments effective September 2024 subject to refund and will be subject to review through the Test Year 2023 FRP as described in Section IV.B.(2) below: Transmission Recovery Mechanism

(“TRM”), Distribution Recovery Mechanism (“DRM”), Additional Capacity Mechanism (“ACM”), the Tax Adjustment Mechanism (“TAM”), the MISO Cost Recovery Mechanism (“MCRM”), and Other One-Time Adjustments. These mechanisms are hereinafter referred to as the “Reviewable Mechanisms.”

**B. 2025 Mid-Cycle FRP Rate Adjustments.** Beginning the calendar month after ELL’s receipt of the refunds (“SERI Refunds”) contemplated by the SERI Retail Settlement Term Sheet, a settlement to which ELL and Staff have agreed to in principle and which will be separately submitted to the Commission for approval, ELL will decrease the Other One-Time Adjustments to return a \$25.2 million credit from the SERI Refunds, subject to and conditioned upon Federal Energy Regulatory Commission (“FERC”) approval. The return of the credit shall occur ratably over the period ending August 2025. The remainder of the SERI Refunds shall be returned as follows: \$25.2 million over the period September 2025 through August 2026 and \$25.1 million over the period September 2026 through August 2027.

**C. Related Accounting and Ratemaking Treatments.**

1. IRS Audit for Tax Years 2016 through 2018 and Final Resolution of All Issues in LPSC Docket Nos. U-34951 (Test Year 2017), U-35205 (Test Year 2018), U-35581 (Test Year 2019), U-36092 (Test Year 2020), U-36381 (Test Year 2021), U-36822 (Test Year 2022), U-34332 (Review of LPSC Special Order 01-2001), and X-35071, the investigation into Entergy Services costs billed to Entergy Louisiana. The Company shall recognize a regulatory liability in the amount of \$184.0 million. This liability amount will be amortized over two years, \$111 million over the period September 2024 through August 2025 and \$73 million over

the period September 2025 through August 2026, and the resulting credit amortization shall be reflected outside the bandwidth calculation. The unamortized balance shall be excluded from rate base. The recognition of this regulatory liability and the ratemaking treatment described in this paragraph represent the full and final resolution of all claims and issues related to the ratemaking treatment of:

- 1) all tax benefits resulting from the IRS Audit for Tax Years 2016 through 2018, and
- 2) all claims and issues for the proceedings listed Sections II.B, II.C, II.D, and II.E above.

2. The \$75.5 million regulatory liability associated with the SERI Refunds will be amortized as follows: \$25.2 million from receipt through August 2025, \$25.2 million from September 2025 through August 2026, and \$25.1 million from September 2026 through August 2027. The resulting credit amortization shall be reflected outside the bandwidth calculation.

3. \$5.8 million settlement credit approved in LPSC Order No. U-34951. The \$5.8 million regulatory liability associated with LPSC Order No. U-34951 will be amortized over one year commencing September 2024, and the resulting credit amortization shall be reflected outside the bandwidth calculation.

4. Increase in Nuclear Depreciation Rates. The Company is authorized to increase its nuclear depreciation rates as set forth in Exhibit 1 effective September 2024, September 2025, and September 2026, which shall be considered the approved nuclear depreciation rates that are part of the latest approved Louisiana depreciation rates for purposes of administering the FRP. Correspondingly, the Company will reflect outside the bandwidth calculation an incremental increase in

nuclear depreciation expense of \$15.0 million in each of its 2023 Test Year FRP Evaluation Report, 2024 Test Year FRP Evaluation Report, and 2025 Test Year FRP Evaluation Report. In the 2024 Test Year and 2025 Test Year FRP Evaluation Reports, the Company shall annualize the increase in nuclear depreciation expense that occurred in the prior Test Year. Additionally, for each evaluation report filed under this agreement, the revenue requirement impact of the rate base reduction corresponding to the depreciation expense implemented pursuant to this provision in the prior year, as measured on a beginning/ending average basis, will also be reflected outside of the FRP bandwidth calculation.

#### **IV. Extension, Modification, and Re-Authorization of Formula Rate Plan**

A. The Company's most recent FRP, Rider Schedule FRP, as modified herein and as reflected in Exhibits 2 and 3<sup>1</sup>, shall be extended through Test Year 2025. Exhibit 2 is sometimes hereinafter referred to as the "Extended FRP Rider." For each Test Year of the extended term (*i.e.*, 2023, 2024, and 2025) the Company shall submit an annual FRP Evaluation Report for the 12 months ending December 31 of 2023, 2024, and 2025 ("Extension Period"), respectively, with FRP Rider Revenue for these three Test Years to be re-determined pursuant to the terms of this Stipulation and Rider Schedule FRP as set forth in Exhibit 2.

B. Annual Evaluation Report Filings and Review Process During Extension Period shall be as follows:

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<sup>1</sup> Exhibit 3 is a "redline" that depicts changes between the most recent Rider Schedule FRP and the Extended FRP Rider (Exhibit 2) that would become effective upon LSPC approval of this Stipulation.

1. Except for the Evaluation Report for Test Year 2023, ELL's annual Evaluation Reports during the Extension Period shall be due on or before May 31 of the respective filing years. FRP Revenues shall be adjusted as provided for in Section 2.C. of Rider Schedule FRP and shall be effective for monthly bills rendered on and after the first billing cycle of September of each filing year (i.e., September 2025 and September 2026), unless a later rate effective date is agreed to by the Parties.

2. For Test Year/Evaluation Period 2023, the Company shall file the Evaluation Report on or before August 27, 2024, and the September FRP Rate Adjustments reflected therein shall become effective the first billing cycle of September 2024, subject to refund. ELL shall provide Staff and all parties who have intervened in the new docket with workpapers supporting the data and calculations with the Evaluation Report simultaneous with the filing of the Report. Within ten business days after the Evaluation Report is filed, ELL shall provide to all parties to the proceeding electronic copies of all workpapers supporting the data and calculations reflected in the Evaluation Report in Microsoft .xlsx format, with all formulae, functions and calculations intact and working, subject to any applicable confidentiality restrictions. Those Rate Adjustments shall then remain in effect until changed pursuant to this section or the Extended FRP Rider.

- a) The Parties and any Intervenor(s) shall then have until November 18, 2024 to review the Reviewable Mechanisms to ensure that they comply with the corresponding sections of the Extended FRP Rider. The revenue changes set forth in Section III(A)(1) and (2) above and



reflected in the Evaluation Report shall not be subject to review, dispute, or redetermination.

- b) If any error(s) are detected in the application of the principles and procedures pertinent to the Reviewable Mechanisms or any issues related to the Reviewable Mechanisms upon which further information is required of ELL and/or to verify any of the data or issues contained in the annual filing are found, such error(s), data or issues requiring verification (“Dispute” or “Disputes”) shall be formally communicated in writing through an Errors & Objections Report to the other Parties, and filed into the docket. Each such Dispute indicated in the Errors & Objection Report shall include, if available, documentation of the proposed correction. Should the Company identify any errors in the Evaluation Period (Test Year) data, or adjustments thereto, that it proposes correcting, the correction shall be deemed a disputed issue and implemented subject to refund as if included in the Test Year 2023 Evaluation Report.
- c) The Company shall then have until December 17, 2024 to review any proposed corrections, to work with the other Parties to resolve any Disputes and to file revisions to the originally filed Reviewable Mechanisms and a revised Attachment A containing revised Rate Adjustments reflecting all corrections upon which the Parties and Intervenors agree.

- (1) If revised Rate Adjustments are necessary, such revised Rate Adjustments shall include a true-up amount for the period September 2024 through December 2024 to be recovered from or returned to customers over the period January 2025 through August 2025.
  - (2) The Company shall provide the Parties and Intervenor(s) with appropriate workpapers supporting any revisions made to the Reviewable Mechanisms initially filed.
  - (3) Any such revised Rate Adjustments shall become effective for bills rendered on and after the first billing cycle of January 2025. Those Rate Adjustments shall then remain in effect until changed pursuant to the provisions of this section or the Extended FRP Rider.
- d) To the extent that there are no issues raised during the review period or that any issues raised are amicably resolved, i.e., there are no unresolved issues to be addressed, the Parties shall submit a joint report of the proceedings to the Commission for consideration as timely as practicable, including the terms under which any issues have been resolved and the resulting effect on rates.
  - e) If the Parties are unable to resolve all Disputes or reasonably believe they will be unable to resolve all the Disputes by January 1, 2025, the Parties shall submit in writing to the Commission a list of any remaining Disputes outstanding by January 15, 2025. Within five (5) days of receipt of such written list of Disputes, the Company

shall file a motion with the assigned Administrative Law Judge requesting that a status conference be set and a procedural schedule be established, unless good cause is shown by any party why it should not be set.

(1) Following all due proceedings, if the Commission's final ruling on any Disputes requires changes in the Rate Adjustments initially implemented September 2024 or implemented January 2025, the Company shall file a revised Attachment A containing such further modified Rate Adjustments within fifteen (15) days after receiving the Commission's order resolving the Disputes. The Company shall provide a copy of the filing to the Parties and Intervenors together with appropriate supporting documentation. Such modified Rate Adjustments shall then be implemented with the next applicable monthly billing cycle after filing and shall remain in effect until superseded by Rate Adjustments established in accordance with the provisions of Extended FRP Rider.

(2) Within 60 days after receipt of the Commission's final ruling on any Disputes, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at the legal rate of interest. Such refund/surcharge amount shall be calculated to be effective as of September 2024 (or, such other date authorized by the Commission for the calculation), shall be applied in the manner prescribed by the Commission.

C. ELL’s FRP shall reflect a 9.70% Evaluation Period Cost of Equity (“EPCOE”) for the Extension Period and corresponding rate effective periods. The Company’s FRP shall also reflect a Common Equity Bandwidth (“Bandwidth”) that spans from 40 basis points above the EPCOE to 40 basis points below (i.e., from 9.30% -10.10%). The equity ratio to be used in the calculation of the Benchmark Rate of Return on Rate Base shall be a three year average of the equity ratios from the three most recent FRP Test Years, including the then-current test year/evaluation period.

D. Effective September 2024, the Company’s rate classes for calculating Rate Adjustments shall be as follows.

<b>Rate Classes</b>	<b>Rate Schedules Included</b>
Residential	RS, MMRA-L
Small General Service	GS-L, MMGS-L, TSL-L, WHSH-L, UMS-L, SGS-G, UMS-G, TSS-G
General Service	LGS-L, GS-G, GS-TOD-G
Large Power Service	LPS-G, LPS-TOD-G,
High Load Factor Service	HLFS-G, HLFS-TOD-G
Large Load High Load Factor Power Service	LLHLFPS-L
Municipal Pumping Service	MP-L, WPS-G
Large Industrial Service	LIPS-L, LIS-L, NGPCS-L, NGPCS-G
Lighting Service	Various schedules
Note: The Extended Rider FRP shall not apply to Schedules EECS-L, EEIS-G, and EIS-G.	

E. With respect to Test Year 2024 only, the upper Bandwidth mechanism in Section 2.C.2.c of the Extended FRP Rider, shall be suspended and ELL shall instead apply a

special earnings test whereby if the Earned Return on Equity (“EROE”) is in excess of 9.70%, the corresponding revenue in excess of 9.70% shall be credited to customers on September and October 2025 bills. This shall be a one-time customer credit and shall have no effect on Base Rider FRP Revenue (*i.e.*, no reduction) for the Test Year 2024 rate effective period, September 2025 through August 2026. This special earnings test was negotiated in the context of this settlement and shall not be cited as precedent in other FRP or rate proceedings.

F. Any annual Base Rider FRP Revenue increase provided for under Section 2.C.2.c of the Extended FRP Rider shall not exceed \$140 million in the aggregate for the 2024 and 2025 Evaluation Periods (“Rate Cap Mechanism”). To the extent that there is a Base Rider FRP Revenue reduction during a given year, the amount for such reduction will be netted against the cumulative total increase that may be implemented in a subsequent year. However, this Rate Cap Mechanism shall not be applicable to any rate changes provided for in Sections 3, 4, or 5 of Extended FRP Rider (*i.e.*, relating to Provisions for Other Rate Changes such as the ACM, MCRM, TRM, DRM, and the TAM).

G. The “Additional Capacity Revenue Requirement” (“ACRR”) that forms the basis of the Additional Capacity Mechanism (“ACM”) refers to non-fuel, retail revenue requirement associated with any LPSC-approved, or exempted from requiring LPSC approval, supply-side resource in excess of the amount in base rates at the time of ELL’s annual Evaluation Report filing. Such ACRR for the rate effective period shall be eligible for recovery outside the FRP bandwidth mechanism subject to the following:

## **OWNED CAPACITY RESOURCES**

The first-year non-fuel, retail revenue requirement for:

- 1) the modification or replacement of an existing generating facility having an incremental annual revenue requirement exceeding \$10 million;
- 2) the acquisition of new generating facilities; and/or,
- 3) the construction of a new generating facility, having an annual revenue requirement exceeding \$10 million (except as otherwise provided for in Section 3.D.3 below), and/or unless otherwise authorized by the Commission.

In the Evaluation Report following the first year of operation, the first-year revenue requirement shall be trued-up to the actual first-year revenue requirement and realigned to Base Rider FRP Revenue where it will be maintained at the adjusted level subject to the FRP bandwidth mechanism. To the extent that any costs relating to the construction, acquisition or modification of a generating facility are subsequently determined to be disallowed by the Commission as reflected in a final, non-appealable order, those amounts shall be credited or refunded to customers with interest, calculated at the then-effective pre-tax weighted average cost of capital, from the time those amounts were collected until those amounts are credited or refunded, on the same basis as they were charged to customers.

## **PURCHASED CAPACITY RESOURCES**

For each filing year of the FRP, the Company shall reflect in the ACRR the incremental LPSC-retail revenue requirement for purchased capacity costs that are to be billed to ELL pursuant to a Commission-approved Purchased Power Agreement, cost-of-service agreement, or tariff for the rate effective period. Incremental capacity costs consist of those amounts that are above or below the amount included in rates for the respective resources at the time of filing of the Evaluation Report.

Although extinguished by operation of law pursuant to LPSC Order U-33244-A, the purchased capacity contract costs for the unregulated portion of River Bend (the River Bend 30 PPA) shall be deemed eligible for recovery through the ACM and shall be re-calculated at then-current Evaluation Period levels.

The LPSC-retail revenue requirement associated with the purchased capacity costs recovered shall be compared to the actual cost of such capacity. Any difference between the revenue requirement of the capacity costs used to determine the level recovered during the Evaluation Period and the revenue requirement associated with the actual capacity cost during the Evaluation Period shall be included in the Evaluation Report as part of the ACRR in the next Rider FRP Revenue Requirement Redetermination Formula as set out in Attachment F.

## **RENEWABLE CAPACITY**

The non-fuel revenue requirement of all Additional Capacity derived from a renewable resource (i.e., solar, wind or such other resources that the Commission shall determine qualifies as renewable) shall be recoverable through the ACRR as applicable depending on the form of addition.

To the extent that ELL incurs cost or receives subscription fee revenue under Commission-approved green tariffs, including but not limited to Rider Geaux Green Option (“GGO”), Rider Geaux Green Limited (“GGL”), and Rider Geaux ZERO (“GZ”), and to the extent that the costs and/or revenues are not reflected within the Company's Fuel Adjustment Clause, such costs and/or revenues, including, but not limited to subscription fee revenues or capacity-related bill credits issued to participants in those programs shall be reflected as a component of the ACRR.

## **INTERIM CAPACITY COST ADJUSTMENTS**

The ACRR shall be adjusted on an interim basis for:

- 1) the expiration of a purchase capacity agreement previously recovered through Rider FRP, or
- 2) the completion of the recovery of previously deferred capacity costs, or
- 3) the modification or addition of LPSC-approved supply-side capacity resources by means of a self-build, acquisition, or capacity and/or capacity and energy purchase.

H. Under Section 3.F, the TRM and the TRM Floor of \$100.0 million shall be maintained. The TRM shall have an annual cap equal to the sum of (1) known and projected costs for TRM eligible projects for which an LPSC docket has been opened or will be opened (i) to have the Commission review the project, or (ii) to request Commission certification or an exemption from the same plus (2) \$350 million for Test Year 2023, \$375 million for Test Year 2024, or \$400 million for Test Year 2025.

I. Under Section 3.G The DRM shall be maintained.

1. The DRM Floor for all test years shall be \$150 million, but the DRM Ceiling shall be as follows: \$350 million for Test Year 2023, \$375 million for Test Year 2024, and \$400 million for Test Year 2025.

2. The reliability accountability measures shall be SAIDI at 163.59 and SAIFI at 1.16 for the term of the Extended FRP Rider. The Company shall calculate its SAIFI and SAIDI measures in the same manner they were calculated in LPSC Docket No. U-22389.

3. The DRM Reporting Requirements established in Order U-35565 (attached hereto as Exhibit 4) shall remain in effect as to Test Years 2023, 2024, and 2025.

J. Under Section 5, the TAM shall be maintained and modified as described below.

1. Protected Excess or Deficient ADIT and Unprotected Excess or Deficient ADIT that is eligible to be recovered or paid through the FRP, including but not limited to any Protected Excess ADIT associated with the Tax Cuts and Jobs Act of 2017 and the Louisiana state tax rate change in 2021, will continue to be recovered or paid through the TAM.

2. The retail revenue requirement effects of federal or state income tax rate changes shall be recorded as a regulatory asset/liability and accrue carrying charges at the then-effective weighted average cost of capital until such time that the change can be fully reflected in rates.

3. Changes in Test Year ad valorem tax expense attributable to the expiring industrial property tax exemption contracts totaling more than \$50 million in original contract amounts in the aggregate in a calendar year shall be reflected in



the TAM. The change in Test Year ad valorem tax expense would be based on the then-effective millage rate and the original contract amount.

4. Rate base offsets (i.e. regulatory liabilities) derived through the monetization of investment tax credits (“ITCs”) or production tax credits (“PTCs”) in connection with the generation of solar, nuclear, or other clean energy technology, such as those enabled by the Inflation Reduction Act of 2022 (“IRA”) shall be credited to customers through the TAM over periods of thirty (solar/wind) or forty-six (nuclear) years, depending on the asset generating the tax credits, and with each tranche of PTCs generated by the asset having a depreciable life of one year less than the previous tranche. The amount of the rate base offset will be based on the net cash receipts received from monetization of ITCs or PTCs that includes the discount and transaction fees from the sale of the tax credits or the utilization of the tax credits for the payment of income taxes. The rate base offsets will be grossed up for income taxes.

5. As discussed in Section K below, the recovery of 70% of the allocable share of interest that is actually assessed by the IRS or other taxing authority and paid by or on behalf of ELL calculated on the position on an ELL stand-alone basis for the lost uncertain tax position shall be included.

K. The following ratemaking treatments shall be applicable for the 2024 and 2025 Test Years/Evaluation Periods.

1. Vidalia Section 475 MTM ADIT. In the Test Year 2024 FRP Filing, ELL shall reduce its Section 475 Mark to Market Liability ADIT exclusion by \$100 million. This amount shall be reduced to \$50 million for Test Year 2025 and then

\$0 following Test Year 25. ELL will also reflect a reduction of the same magnitude to the Cumulative Tax Savings in the Contingent Credit sharing calculation for each applicable year to account for this change.

2. Other ADIT Issues. For ratemaking purposes, ELL shall reduce rate base by \$50 million in association with the ADIT ratemaking provisions in (a) through (d) below.

- a) FASB Interpretation No. 48 (“FIN 48”) ADIT. ELL shall include in rate base the ADIT associated with the continuation of its FIN 48 ADIT tax positions that were taken in or prior to the Test Year 2022. With its Evaluation Report, ELL shall include a workpaper identifying all liability or asset ADIT which is the result of an uncertain tax position that is either fully or partially unrecognized resulting in a net FIN 48 liability or asset (“FIN 48 ADIT”) that has been removed from rate base, and the Commission order supporting such removal, to the extent an order exists. Further, if ELL takes a new uncertain tax position in Test Year 2024 or Test Year 2025 and such position is not subject to a Commission order, ELL shall include in rate base 70% of the FIN 48 ADIT for the new uncertain tax position. If the new uncertain tax position is lost with the IRS or other taxing authority, ELL shall be permitted to recover from customers through the TAM 70% of the allocable share of the interest that is actually assessed by the IRS or other taxing authority and paid by or on behalf of ELL calculated on the position on an

ELL stand-alone basis for the lost uncertain tax position. This amount can be deferred with interest accrued at the WACC to be collected in a later rate filing if the TAM is not in effect at the time. Nothing herein obligates the Company to take any particular uncertain tax positions.

- b) Account 190884. ELL is allowed to include in rate base the ADIT recorded included in Account 190884, provided that any tax credits in that account or any other account that are subject to a specific provision regarding newly generated ITCs or PTCs shall not be included in rate base per this provision but only pursuant to the specific provision.
- c) Other Account 190 and Account 282 ADIT. ELL is allowed to include in rate base Account 190 ADIT balances associated with the following: contributions in aid of construction; accrued medical claims; uncollectable accounts reserve; incentive; restricted stock awards; contract deferred revenue; deferred miscellaneous services; lease rental expenses; waste disposal reserve; and Account 282 ADIT associated with tax interest (avoided cost).
- d) NOLC ADIT. ELL is allowed to determine the amount of NOLC ADIT to include in rate base utilizing the same With-and-Without methodology used in the Test Year 2022 Evaluation Report, which specifically included the repairs deductions in addition to accelerated tax depreciation deductions.

3. Rate Base Treatment of Investment Tax Credits (“ITCs”) and (“PTCs”). Prior to the tax credits’ utilization or monetization, the deferred tax assets (“DTAs”) for the tax credits and gross-up and the associated regulatory liability for both shall be included in rate base. After the tax credits’ monetization, the resulting regulatory liability and gross-up and the associated deferred tax asset will continue to be included in rate base in the FRP. The amortization of the resulting regulatory liability over the remaining life of the asset that generated the credit shall flow through the TAM.

4. Rate Base Treatment of Corporate Alternative Minimum Tax (“CAMT”). To the extent, ELL pays CAMT liability properly allocated to ELL consistent with the Entergy Tax Allocation Agreement, ELL will be allocated a CAMT tax credit carryforward equal to the amount of such payment. The CAMT tax credit carryforward will be recorded as a DTA in Account 190, and such DTA shall be included in rate base until the CAMT tax credit carryforward is utilized to offset ELL’s regular federal income tax liability.

5. Cash Working Capital (CWC). The calculation of CWC included in rate base for Test Years 2024 and 2025 shall utilize the lead / lag study performed in support of ELL’s Cost of Service as provided in Exhibit KFG-2 to the Direct Testimony of Ken Gallagher filed Docket No. U-36959, which will be considered the most recent Commission approved lead / lag study.

6. Corporate Aircraft. ELL shall not include in its cost of service, or otherwise seek to recover, the cost of private corporate aircraft travel in setting rates under this agreement, or in any future test year subject to this agreement.

7. Rate Case Expenses. In its Test Year 2024 Evaluation Report, ELL shall be allowed to include its rate case expenses associated with LPSC Docket No. U-36959 in operation and maintenance expense so as to recover these expenses over twelve months inside the bandwidth calculation.

8. Executive Incentive Compensation. Beginning with the Rate Adjustment from the Test Year 2024 Evaluation Report, ELL shall not recover incentive compensation expenses for employees designated ML 1 through 4 that is awarded based on Entergy's earnings per share or total shareholder return (“Financial Performance”) as described below. On a prospective basis, beginning in the first month following the issuance of an Order in this docket, ELL shall not be permitted to allocate to capital incentive compensation costs as described below. No further ratemaking adjustments will be necessary to implement the exclusion of the below-described capital incentive compensation costs from the cost of plant additions.

- a) ELL shall exclude the portion of the Resource Code 002 and 061 that is attributable to the financial component of the EAIP, whether paid by ELL or allocated from ESI or EOI. The amount of Resource Code 002 and 061 that is attributable to the financial component of EAIP will be determined annually in a manner consistent with the annual incentive award payout. On a prospective basis, beginning in the first month following the issuance of an Order in this docket, ELL shall not be permitted to record to capital the financial component of EAIP incentive compensation recorded to resource codes 002 and 061.

- b) ELL shall exclude the entirety of Resource 060 Stock Options expense, including amounts allocated from ESI or EOI. On a prospective basis, beginning in the first month following the issuance of an Order in this docket, ELL shall not be permitted to record to capital any amount of capitalized Stock Option incentive.
- c) ELL shall exclude the entirety of Resource Code 064 (LTIP) (Performance Units), including amounts allocated from ESI or EOI. On a prospective basis, beginning in the first month following the issuance of an Order in this docket, ELL shall not be permitted to record to capital any amount of capitalized LTIP.
- d) The cost of Restricted Share Awards and Restricted Units recorded to Resource Codes 066 and 067, excluding any unvested shares, are deemed eligible for recovery in rates to the extent that such incentives are not awarded to employees based on Entergy's earnings per share or total shareholder return.
- e) ELL shall exclude any other incentive compensation that is awarded based on Entergy's Financial Performance that is not identified in this list.

## **V. Changes to Rate Classes and Base Rate and Rider Schedules**

- A. Combined Residential and Additional Facilities Charge (“AFC”) Rate Schedules.
  - 1. Effective September 2024, ELL shall combine its legacy residential rates and implement an expanded low-income senior discount where the income threshold used to determine eligibility will align with federal Low Income Home

Energy Assistance Program (“LIHEAP”) thresholds. As part of the combination and as of the effective date, ELL will implement the new, combined Schedule RS and combined Rider RS-SC. In addition, ELL will withdraw Schedules RS-G and RS-L as well as Riders A-L, A-1-L, and B-L.

2. Effective September 2024, ELL shall implement a new, combined Schedule AFC. ELL will withdraw Schedules AFC-L and AFC-G. The Company shall reduce additional facilities charge rates and update terms of the combined Schedule AFC. The reduction in AFC revenue shall be implemented on a revenue-neutral basis outside of the bandwidth mechanism via the Other One-Time Adjustments component of the Extended FRP Rider. The updating of embedded facilities charge rates is addressed in Section E below.

B. Other Rate and Rider Schedule Changes. ELL will implement the following modifications to its rate and rider schedules.

1. Effective September 2024, the modifications to Schedule LLHLFPS-L include an update to the calculation of the First Demand Block.

2. Effective September 2024, the removal of right to choose provisions in Section I as well as additional clarifications to each of the following non-residential Rate Schedules and Riders: LPS-G, LPS-TOD-G, HLFS-G, HLFS-TOD-G, LLHLFPS-L, LIS-L, LIPS-L and PPS. These modifications to LIS-L and LIPS-L include closing both tariffs to new business. With the exception of the closing of tariffs to new business, no changes made to the Rate Schedules and Riders under this section is intended to modify any rights that a customer may have to select

among all of Company's rate schedules and riders, as set forth in LPSC Order No. U-33244-A.

3. Effective September 2024, ELL will implement new combined Terms and Conditions of Electric Service ("Combined T&Cs"). The application of Combined T&Cs will remain consistent with LPSC Order No. U-33244. There are no changes to the Legacy Terms and Conditions and Service Regulations.

4. Effective September 2024, ELL will implement the new Demand Adjustment Rider for transportation electrification.

5. Effective September 2024 billing, ELL will implement changes to its lighting tariffs to address the transition towards more efficient light-emitting diode ("LED") lighting technology, and the reduced availability of non-LED lighting technology. The lighting tariff changes include implementation of the combined Schedules ALS-LED, LED-SL, RLU-LED, SHL-EE, SHL-LED, and SLPS. ELL will also implement the modifications to CCL-L, LS-E-G, and NON-LED-L. In addition, the changes to lighting tariffs include the withdrawal of Schedules ALS-G, DSL-L, HSPV-L, HSPV NW-L, LED-SL-G, LED-SL-L, MV-L, NW-L, RLU-G, RLU-L SHL-G, SLPS-G, and SLPS-L. As part of the changes to lighting tariffs, all rate categories involving non-LED lights will be closed to new business and certain LED rates are reduced.

6. The Company shall terminate and withdraw the Fuel Tracker Rider effective with the first billing cycle of September 2024.

7. Effective for September 2024 billing, ELL will implement the modifications to the following tariffs on a revenue neutral basis: EIO, IES, and MS.



The modifications to Schedule MS include an elimination of the Connection fees, elimination of Reconnection fees for customers that have advanced meters, and the addition of a Tampering fee. The modifications to Riders EIO and IES include increases to the Interruptible Credit Rates.

C. The above-described changes and additions to ELL's rate and rider schedules are shown in Exhibits 5 and 6.<sup>2</sup>

D. An updated ELL Tariff Book reflecting the changes in tariffs in this Section V and VI will be submitted via a compliance filing in accordance with Section 501(C) of the Tariff Filings General Order within 30 days of issuance of an LPSC order approving a settlement in this docket.

E. The embedded additional facilities charge provision in Schedules LIS-L, LLHLFPS-L, LIPS-L, CS-L, EECS-L, and QFSS-L shall terminate (i.e., "sunset") effective the first billing cycle of January 2025. Prior to the sunset date of this provision, ELL shall work collaboratively with its affected customers to establish a new AFC Agreement and service under the combined company Schedule AFC effective with the new AFC Agreement. If, as of the sunset date of this provision, a new AFC Agreement has not yet been fully executed, ELL shall migrate the customer to the combined company Schedule AFC, and the customer shall henceforth take facilities Service under the terms of the combined company Schedule AFC. In such case, ELL, in its sole discretion, will determine the Cost of the Additional Facilities to be used for combined company Schedule AFC billing purposes until such time as a new AFC Agreement is executed.

F. New AFC Options. The Parties agree to work towards the development of new

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<sup>2</sup> Exhibit 5 presents a "clean" version of these changes and additions; Exhibit 6 presents a "redline" version.

additional facilities rider options to be filed 60 days of an order approving this Stipulation.

## **VI. Other Commitments**

A. ELL will further reduce late fees for all customers to 1.5%, which will be effective with September 2024 billing and implemented on a revenue neutral basis outside of the bandwidth mechanism via the Other One-Time Adjustments component of the Extended FRP Rider.

1. Six months after an order is issued by the LPSC approving the Stipulation, ELL shall file a report that provides an analysis of patterns and trends concerning energy usage, disconnections for non-payment, payment delinquency histories, and account write-offs due to un-collectability and for the previous thirty-six months for the previous 36 months and for each zip code served by ELL all available monthly data reflecting:

- a) the total number of unique residential accounts;
- b) the total number of unique residential accounts that have been disconnected; and
- c) the number of unique residential accounts that have received financial assistance (via LIHEAP, The Power to Care or other forms of government or private charitable resources for income-qualified customers).

2. Within 45 days of ELL's filed report, Staff and ELL will convene a working group (the "Low Income Affordability Working Group" or "LIAWG") to investigate and consider affordability and arrearage concerns impacting low-income customers. The LIAWG participants will report their progress to the

Commission after six months of collaborative meetings. The report will identify which items the LIAWG participants agree to pursue versus which items the LIAWG participants are not aligned upon. In addition, the LIAWG report will address the following issues:

- a) The availability and accuracy of external data sources for demographic information on residential customers in Louisiana.
- b) Potential programs targeted at low-income customers to help mitigate affordability and arrearage concerns that were considered by the LIAWG.
- c) An implementation plan and timeline for any new programs that the LIAWG participants reach agreement to pursue, including the applicable regulatory and rate approvals from the Commission.
- d) How to identify and implement programs that maximize the deployment of federal funding available for weatherization and energy efficiency programs or services for low-income customers.

3. Within 90 days of the LIAWG report, ELL will file an application seeking approval of any new low-income or arrearage-focused programs that the LIAWG reached agreement to pursue. If the LIAWG did not reach agreement on any new low-income or arrearage-focused proposals, then any of the LIAWG participants may file an individual proposal for consideration by the Commission.

B. Beginning April 2025, the Company shall return to Legacy ELL customers \$6.1 million of over-collections related to the Little Gypsy Securitization through the Securitized Little Gypsy Offset Rider.

C. Beginning April 2025 through March 2026, ELL shall return to customers \$12.1 million of over-collections related to the Hurricanes Gustav and Ike Securitization through the applicable SSCO-II riders.

D. The parties agree to work towards development of a new Charging Infrastructure Rider to be filed within 60 days of an Order in this Docket, with all parties reserving rights to take any position or advance any argument related to the development, adoption, or rejection of said rider.

E. Effective September 2024, the Company shall increase the annual decommissioning revenue requirement related to the Waterford 3 nuclear plant from \$7.7 million to \$13.5 million and decrease the annual decommissioning revenue requirement related to the Riverbend nuclear plant from \$10.2 million to \$4.4 million, such that the total revenue combined revenue requirement is maintained at \$17.9 million per year.

## **VII. Miscellaneous Provisions**

A. Subject to the terms and conditions hereof and Exhibit 2 ELL's Formula Rate Plan Rider Schedule FRP, the Parties and ELL reserve all rights regarding the implementation of and ratemaking associated with the FRP.

B. Nothing herein shall prevent the Parties from taking any position in the future regarding the appropriate scope and prescriptive and preclusive effect of review in a FRP or the effect of previous FRP reviews regarding test years after calendar year 2023 in future rate proceedings. Each Party reserves its right to advocate the appropriate scope and prescriptive and preclusive effect of FRP reviews in any future proceeding in which this issue may be addressed. Nothing in this settlement or in any future FRP review shall be construed to preclude a prudence review that is appropriately addressed in another

proceeding, such as a fuel audit or certification proceeding.

C. Other than in a proceeding to approve, implement, administer or enforce this Stipulation, the Stipulation shall not be admissible in evidence against either the Staff, ELL, Intervenors, or any Entergy Operating Company, and the terms of this Stipulation may not be used either as an admission of any sort or as evidence in any proceeding whatsoever except to approve or enforce the terms of this Stipulation. All oral or written statements made during the course of the settlement negotiations are governed by Louisiana Code of Evidence Article 408.

**Remainder of page intentionally left blank; signatures begin on the following page.**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
LOUISIANA PUBLIC SERVICE COMMISSION STAFF**

Supports     Does not oppose

By: \_\_\_\_\_

Name: Harry M. Barton

Date: 8/1/24

**REPRESENTING  
ENERGY LOUISIANA, LLC**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
ALLIANCE FOR AFFORDABLE ENERGY**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
AMERICANS FOR CLEAN AFFORDABLE ENERGY**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
LOUISIANA ENERGY USERS GROUP**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**MARATHON PETROLEUM COMPANY, LP**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
OCCIDENTAL CHEMICAL CORPORATION**

Supports     Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
OLIN CHLOR ALKALI PRODUCTS AND VINYL**

Supports       Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
THE UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL  
EXECUTIVE AGENCIES**

Supports       Does not oppose

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTING  
WALMART INC.**